

Please note: We are not currently accepting new sign-ups and have paused new lending for existing retail investors.

Getting started as an investor

A guide for investors





MAKE A RETURN AND A DIFFERENCE

You can earn attractive, stable returns by lending to businesses through Funding Circle. Set up your account in minutes, then use our simple lending tools to lend to hundreds of businesses automatically. You can also open an ISA account to earn returns tax-free.

Your lending will help those businesses to grow and push the UK economy forward, and you'll earn a return as they pay you back with interest. We believe it's a better system for everyone.



About this guide

In this guide you'll learn how to start lending, how to find your way around your account and other important information about lending through Funding Circle.

If you have any questions, you can contact our Investor Support team by phone or email.



020 7401 9111

contactus@fundingcircle.com

Monday - Friday, 9am - 6pm (exc. Bank Holidays)

If you're unsure whether lending is right for you, you should seek independent financial advice before you start. Remember by lending to businesses your capital is at risk, while tax rules and relief can change depending on your personal circumstances. Funding Circle is not covered by the Financial Services Compensation Scheme.

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How lending works

We connect established, creditworthy businesses looking for finance to investors with money to lend. Whether you have a Classic account or an ISA account, lending to businesses works in the same way.



Investors

Investors use their online account to easily lend to hundreds of businesses looking to borrow.



Funding Circle

We review applications and only approve creditworthy businesses. We then pay out your funds to the businesses you lend to, and process your repayments.



Businesses

Businesses make fixed monthly repayments with interest, which we distribute to all the investors who lent to them.

The lending process

1. A business applies for a loan

We assess their application and their creditworthiness. If successful, we assign them a risk band and make them an offer. The risk band and loan term helps determine the interest rate they will pay.

2. The loan is funded

If accepted, the loan is funded by lots of investors each lending small amounts. These are called loan parts. Each loan part represents the loan contract you and the business have entered into. You'll be able to lend across lots of loan parts to build a diversified portfolio.

3. The business repays the loan with interest

Loans are typically repaid in fixed monthly instalments. The business makes the payment to us, and we distribute it to all the investors who lent to them. That means you can start earning interest after your first month.



4. Repayments are reinvested

As long as you keep lending active on your account, your repayments will be continuously lent out again on other loans. This helps your interest to compound, maximising your return.

5. Withdraw your funds

You can pause lending and withdraw repayments as they come in, or look to sell loan parts to other investors (subject to demand). More on this on page 19.



How we manage risk

Only established businesses who have passed our rigorous credit assessment process can borrow through Funding Circle. However, it's important to remember that some businesses will not be able to fully repay their loan. We call this a bad debt, and it's already accounted for in your projected return.

We reduce the impact it has on your return in 3 important ways:

Rigorous assessment with advanced technology

There are 3 key pillars to our assessment process:

1. Policy criteria

We receive thousands of applications from all types of small businesses. To help our team focus on the right type of application, we have criteria in place that filter out businesses who have a low likelihood of being approved. To be eligible for a loan a business must have:

- ✓ A minimum of 2 years' trading history
- ✓ At least 1 year of filed or formally prepared accounts
- ✓ No County Court Judgements (CCJs) registered in the last 12 months, and no outstanding CCJs larger than £1000
- ✓ UK ownership and resident directors: majority that are UK resident

2. Statistical credit models

Our proprietary credit model uses thousands of data points to assess the creditworthiness of every business that applies. It uses publicly available information, credit bureau data and our own historical data of loan performance and applications. Successful applications are then given a risk band from A+ to E (where A+ is lowest risk), which helps determine the interest rate they'll pay.

3. Expert judgement

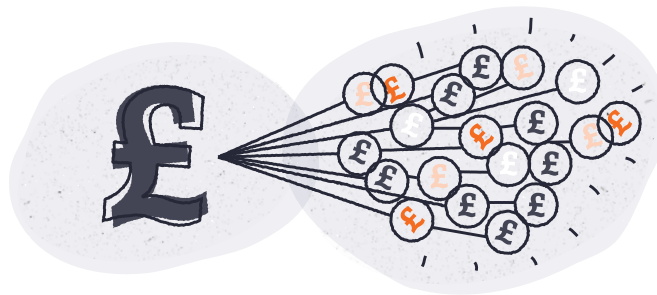
Alongside our statistical credit models, each business is manually assessed by a member of our credit assessment team, who combine decades of experience from some of the world's leading financial institutions. They use our credit model and financials relating to the business and company directors to manually assess each application. This allows the team to raise and clarify any potential questions before a loan is approved.



The combination of these 3 pillars gives us a full picture of a borrower's financial health, allowing us to make balanced credit decisions so that you can earn stable returns. [You can read more about our assessment, the distribution of loans by risk band and the range of interest rates here.](#)

Diversification

Diversification, where you spread your lending across many businesses, is the best way to earn a stable return as it reduces the impact of businesses being unable to repay their loans. By using our automated lending tool, you can easily lend to



hundreds of businesses to quickly build a diversified portfolio.

As the minimum you can lend to each business is £10, lending at least £2000 will allow you to:

- ✓ Lend to at least 200 businesses
- ✓ Lend no more than 0.5% of your total to each one

Investors lending more than £2,000 will lend no more than 0.5% of their total portfolio to each business.

Lending £2,000 or more will help you be fully diversified for a more stable return. If you'd like to start with less, there is an initial minimum card transfer of £1,000 when opening a Classic or ISA account.



Collections and Recoveries team

Funding Circle loans are typically supported by a personal guarantee from company directors (or members if the business is a LLP). We also sometimes take other forms of security, for example on property finance loans. If a business is unable to repay the loan, our team can look to recover the outstanding balance from the guarantors.

Our Collections & Recoveries team pursue every single late or defaulted loan, arranging a new payment plan if possible, or opening up legal proceedings. The team has a range of methods and technologies in place to recover as much as possible for you.

When a loan defaults, it will show the total loss on your account. However, our team are often able to recover a significant portion of that loss, so it's worth remembering that the amount "lost" on recent defaults may improve over time.

Please note, a personal guarantee, or any form of security, does not ensure a full recovery of outstanding debts will be made if a loan defaults, and there may be instances where no recovery can be made.

Who am I lending to?

You'll lend to hundreds of established, creditworthy businesses in different sectors and regions throughout the UK. They may use their loan for a wide range of purposes, including to hire staff, buy new stock or equipment, open new premises or boost cash flow. All businesses will have been trading for 2 years or more, but our average business is 10 years old.



Debbie Leon from Fashionizer has won awards for her innovative uniform designs. She borrowed £195,000 for working capital.

Average business

- 10 years old
- Employs 6 people
- Turnover of £900,000

Businesses from every region in the UK have borrowed, and an estimated 72,000 jobs were created and sustained in 2018 thanks to investors lending through Funding Circle. [Oxford Economics](#) estimates that for every £1 lent through Funding Circle, £2 is added to the UK economy, so your lending really will make a huge difference to British businesses and our economy.



Types of businesses

There are two types of loans on our platform – small business loans and property finance loans – and there are slight differences to how these loans work. We expect to stop all new property finance lending by mid-2018.

Small business loans

Business owners may need finance for many reasons, for example to expand their premises or hire new staff. Their loans will be covered by a [Personal Guarantee](#) from the directors or shareholders of the business. They will pay back their loan in monthly instalments of both principal (the original loan amount) and interest.

What are the risks of lending to small business loans?

As part of lending to businesses, there will be instances where a business cannot continue to repay their loan, which becomes a 'bad debt'. When this happens, our collections team work to recover your money (see page 8)

We provide bad debt rates by the year loans are made, and update these regularly. You can view our bad debt rates on our [statistics page](#). You can read more about the key features and risks of lending to small businesses [here](#).

Property finance loans

Lending through Funding Circle also helps experienced property professionals build new residential homes, refurbish existing properties and access short-term finance.

All property finance loans are [secured against an asset](#), which means if the borrower is unable to pay their loan, Funding Circle can enforce the security and use the sale of the asset to repay investors. Unlike small business loans, the interest payable by the borrower is typically funded by investors alongside the principal when the loan is first made.

Investors will then typically receive monthly instalments of interest. The principal and interest is then repaid by the borrower at the end of the loan term when properties are sold.



How are property finance loans assessed?

Property loans are assessed by our experienced property credit assessment team. Some of the key considerations when deciding whether a loan should be approved are:

- ✓ **Funding ratios** – We ensure that the value of the property that is used as security is higher than the value of the loan requested by the borrower (i.e. an appropriate Loan-to-value ratio). The borrower also needs to commit an appropriate amount of equity to the project, in case market conditions change.
- ✓ **Property fundamentals** – We assess whether the proposed property is the right fit for its location, has an appropriate sale price and the building costs/timings are suitable for the term of the loan.
- ✓ **Borrower track record** – We want to be comfortable that the borrower has successfully delivered similar projects in the past.

Like small business loans, property finance loans will be assigned a risk band, however the interest rate will be priced individually for each loan.

What are the risks of lending to property finance loans?

As property loans are secured against an asset, if the borrower is unable to repay, we can use the sale of the asset to pay investors back. Although we would often anticipate a significant recovery this can't be guaranteed, and could take a significant amount of time, for example if market conditions change.

Most property loans repay on time, however delays can happen when building homes. These can be caused by bad weather, construction issues or the sales process taking longer than expected. You can read more on what happens when a property loan is late in our [FAQs](#), and a list of the key features and risks can be found [here](#).



Your investor account

Account types

At Funding Circle we offer two types of investor accounts; ISA and Classic. They work in the same way, however the ISA account allows you to earn interest tax-free.

ISA account

- ✓ Earn interest tax-free
- ✓ Annual subscription limit
- ✓ Minimum initial investment of £1,000

Classic account

- ✓ Earnings subject to tax
- ✓ No annual limit
- ✓ Minimum initial investment of £1,000

You can use this section to guide you through operating both types of accounts, but you can find information specific to the Funding Circle ISA on page 21.

Getting started

You can set up your ISA or Classic account and start lending in a matter of minutes. Enter a few details about you on our simple form, pick your lending option and read and accept our terms and conditions. Then transfer money from your debit card and you're ready to start lending.



Account Summary

Here you can keep track of your interest earned to date, the loans you're bidding on, the businesses you're lending to and much more.

The screenshot shows the 'Account Summary' page of the Funding Circle investor portal. The browser address bar indicates the URL is <https://www.fundingcircle.com/uk/investors/>. The user is logged in as 'Larry Lucky Lender' with the account type 'Classic'. The navigation menu includes 'Summary', 'My Portfolio', 'Transfers', 'Lending Settings', 'Access Funds', and 'Statistics'. The 'Summary' tab is active. The dashboard features four key metrics: 'NET EARNINGS' at £0.00, 'PORTFOLIO TOTAL' at £0.00, 'ANNUALISED RETURN' at 0%, and 'BUSINESSES LENT TO' at 0. Each metric card has a refresh icon. A 'DEFINITIONS' link is located in the top right of the dashboard area. Below the metrics, there is a section titled 'My Statements' with links to 'View transaction statements' and 'View tax statement'.

Metric	Value
NET EARNINGS	£0.00
PORTFOLIO TOTAL	£0.00
ANNUALISED RETURN	0%
BUSINESSES LENT TO	0

My Statements

- [View transaction statements](#)
- [View tax statement](#)



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Funding Circle Larry Lucky Lender ISA

Summary My Portfolio Transfers Lending Settings Access Funds Statistics

Net earnings and earnings summary
See your all time net earnings total, and flip the box over to view the full breakdown of your earnings and any losses (due to bad debt)

Portfolio total
See the real time status of your portfolio total and flip the box over to view your amount lent, amount ordered and what's still available to lend.

Annualised return
Click the ? icon for information on how the return is calculated. Returns are shown before tax.

Businesses lent to
See the number of UK businesses you are currently lending to.

My statements
Download your transaction history and tax statement here. You can change the date range to the months you require.



Active lending

Once you've set up your Classic or ISA account, picked your lending option and transferred funds, you will automatically start lending your funds to businesses. Our lending tool will help you build a portfolio of loan parts, aiming for a projected return in line with that of your selected lending option.

As loan applications are approved, the lending tool will order parts of those loans on your behalf. These show as 'Orders' on your account summary page. When the loan is fully funded, your order will then become a loan part, and will show in 'My loan parts'.

It will also buy loan parts from other investors who are looking to sell. When a loan part is sold, a 1.25% transfer payment is deducted and passed to the buyer. For example, when buying a £20 loan part, you would pay £19.75 to the seller.

Our tool will also help you build a well diversified portfolio. New loan parts range from £10 to £100, and investors lending £2,000 or more will lend no more than 0.5% of their portfolio to any business.

If you are lending £20,000 or more, you may have multiple loan parts (eg. 2 x £100) with one business, but you will still lend no more than 0.5% of your total to each one.

Reinvesting

You'll receive monthly repayments from the businesses you've lent to. Typically the repayments will be both principal and interest, although property loans differ (see page 9).

By keeping lending active, our lending tool will keep lending out your repayments and any available funds. This helps your interest to compound and maximise your return.

If you would like to stop reinvesting, you can pause lending on your account at any time by going to the 'Lending settings' tab in your account.



Your lending options

To help you get the return you're looking for, you can choose between two lending options. You'll need to select an option when you set up your account, but you can change it at any time in your account (see page 17).

Conservative

- ✓ You only lend to creditworthy businesses that have been assessed as lower risk
- ✓ This option has a lower projected return, with a lower estimated bad debt rate

Balanced

- ✓ You lend to the full range of creditworthy businesses to build a balanced portfolio
- ✓ This option has a higher projected return, with a higher estimated bad debt rate

What return can I expect to earn?

The projected return for each lending option can change. You can see the current projected return for each option on the Lending Settings page of your Funding Circle account.

When you lend to businesses, your funds will be matched to borrowers with the aim of meeting the projected return of your chosen lending option. However, it's important to remember:

- You are lending to your own individual portfolio of businesses, so your own projected return may be higher or lower than the projected return of your lending option.
- Your own individual loan parts may perform better or worse than expected, so your actual return may be higher or lower than your projected return.

Important

The projected return we provide is the annual return we expect you to earn, after fees and bad debt, over a typical investment period. Your return may be higher or lower than this in the short-term.

Returns are likely to change over time as defaults tend to happen at certain points in a loan's life. You can read more about how your returns are likely to change over time [in our blog](#).

Remember, by lending to businesses your capital is at risk.

Changing your lending option

You can change your lending option at any time by going to the 'Lending settings' tab in your account. Simply select the option you'd prefer and click save. Remember, this will only affect new lending on your account, so your projected return will change gradually as you begin to lend to businesses through your new lending option.

← → 🔄 Funding Circle Ltd. [GB] | https://www.fundingcircle.com/uk/investors/ ☆

Funding Circle LarisaOne Lender ISA

Summary My Portfolio Transfers **Lending Settings** Access Funds Statistics

Your lending settings

You are currently lending to businesses in your ISA account through the Conservative lending option.

Are you lending at least £2,000? Spreading your lending equally across at least 200 businesses helps you become diversified and earn a more stable return. [Find out more](#)

Conservative ⓘ

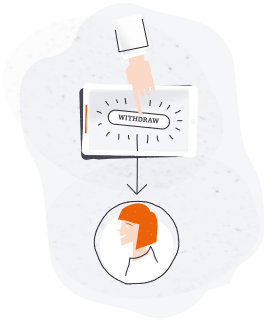
3 - 4%
Projected return

A+ A B C D E
Risk bands included

Very strong resilience: you will earn a positive return unless your loans perform **3 - 5x** worse than expected.

[Edit your lending option](#)

Pause your lending - This will stop your available funds from being lent to businesses, reducing your earning potential and preventing further diversification. [Pause lending](#)



Transfer funds from your bank

Once your account is set up, go to the 'Transfer money' tab to move funds in or out of your account. You can transfer money in using:

- ✓ UK debit card – immediate transfer
- ✓ Bank transfer – up to 5 working days (this option is not available for your first transfer)

Important

Please note you must use a bank account or debit card in your name, otherwise your payment will be rejected. When using a bank transfer, please ensure you enter the reference number provided, or your transfer won't go into your account. Unfortunately we can't accept cheques or credit cards. When transferring funds into an ISA account, it is important that you don't exceed your current tax year's subscription limit. It is your responsibility to keep a record of your total subscriptions across all of your ISA accounts for each tax year.

To help you diversify and earn a more stable return, we suggest lending £2,000 or more. If you'd like to start with less, there is a minimum initial transfer of £1,000 when opening a Classic or ISA account. This must be made by a debit card and only applies to your first transfer.

The screenshot shows the Funding Circle investor dashboard. At the top, the browser address bar displays "https://www.fundingcircle.com/uk/investors/". The dashboard header includes the Funding Circle logo, the user name "LarisaOne Lender", and the account type "ISA". A navigation menu contains "Summary", "My Portfolio", "Transfers", "Lending Settings", "Access Funds", and "Statistics". The main content area displays "YOUR AVAILABLE BALANCE" as "£2,000.00". Below this, there are two tabs: "Transfer in" and "Transfer out", with "Transfer out" selected. Three transfer options are presented in cards:

- Transfer Existing ISA**: Takes 2-6 weeks. ISA transfers from previous tax years don't count towards this tax year's £20,000 allowance. A blue "Continue" button is at the bottom.
- Debit Card**: Instant transfer! Includes logos for VISA, MasterCard, and Maestro. A blue "Continue" button is at the bottom.
- Bank Transfer**: Takes 1-3 working days. Transfer money from your bank by internet banking, telephone banking, or by visiting a bank branch. A blue "View details" button is at the bottom.

To transfer money out, you need to set up a nominated UK bank account. Again you need to use a bank account in your name. We recommend adding a nominated account before you need to make a withdrawal. If we are unable to automatically verify your bank details we may ask you to send us recent bank statements to verify your account.

Accessing your funds

When you lend through Funding Circle, your money is matched to loans which are paid back over a period of up to five years. As a result, it is important to treat lending as an investment, as your money may be tied up for this time period.

When you want to withdraw funds you have two options:

1. **Switch off lending to withdraw small amounts** - If you'd like to take out small amounts, you can withdraw your repayments as you go. Simply sign in to your account, go to the 'Lending Settings' page and turn off lending. Your repayments will no longer be lent out and the funds will accrue in your account ready for you to withdraw.
2. **Sell loans to withdraw a lump sum** - If you would like to access your funds before your loan parts have been repaid, you can look to sell them to other investors using our automatic tool. Selling loans is subject to supply and demand at the time and is not guaranteed.

Step 1 of 2

Enter amount to sell

e.g. 100

Next

Confirmation

£8,000.00

This is the total amount of your active loan parts available for sale. When you choose to sell, our automatic tool will sell your loan parts in small amounts and funds will be available to withdraw as soon as each loan part is sold.

When selling loan parts, a 1.25% transfer payment is deducted and passed onto the buyer of the loan part at the point of sale. For example, if you sell a £20 loan part, you'll receive £19.75 (plus any interest owed since the last repayment). For more information on selling read our [blog](#).

Any loan parts not sold after 120 days will be delisted and you'll need to relist them if you wish to continue selling. We'll notify you when this happens.

You can also access funds by pausing



The tool will start selling your loan parts in small amounts. The funds are available for you to withdraw as soon as each loan part is sold. Any loan parts not sold after 120 days will be delisted and you'll need to make a new request if you want to continue selling. We'll notify you when this happens.

Is there a cost to selling loans?

When selling loan parts, a 1.25% transfer payment is deducted and passed to the buyer. For example, if you sell a £20 loan part, you'll receive £19.75 (plus any interest owed since the last repayment). This happens at the point of sale and only to loans that are sold successfully.

100% of the transfer payment goes to the buyer. Funding Circle does not receive any fees from any loan part sale. The transfer payment does not apply if you want to withdraw repayments as they come in.



How much of my portfolio can I sell?

To make it fair to all investors, you can only sell active loans with no credit issues, and not in the last month of their term. As a result, typically 85-95% of your portfolio is available to sell at any one time.

For loans that are late or have another credit issue, our Collections and Recoveries team are constantly monitoring and working with these businesses to recover the funds. You'll continue to own these loan parts and receive repayments and interest as they come in. If their credit issue is resolved, they will become available to be sold again.

**How much can I access early?**

Typically, you can get early access to approximately 85-95% of your funds. A loan can only be sold if it is active with no material credit issues, the business is still trading and not in the last month of its term. Often the remaining businesses will continue to make repayments, and their loans may become sellable again in the future.

How long does it take to sell loan parts?

Selling loans is not instant and depends on the supply of loans and demand from other investors looking to buy at that time. You can find the latest sell times posted in our [FAQs](#).

Statistics

So you can see exactly how well we're doing, we publish all our performance data on our [statistics page](#). You can also find in-depth articles and other resources on our [blog](#).

Quick tip

Make sure you keep your profile section up to date in case we ever need to contact you about your account (to confirm a transfer for example). We'll either call you or send you an email.

How else will we contact you?

We also send regular email newsletters, which you can opt-out of at any time by clicking 'unsubscribe'.

ISA Account

Individual Savings Accounts (ISAs) are accounts for savings and investments that let you earn tax-free returns. The Funding Circle ISA is an Innovative Finance ISA, which allows you to earn tax-free returns by lending directly to businesses through Funding Circle.

Every tax year you have a subscription limit which can be split between a Cash ISA, Stocks & Shares ISA, Lifetime ISA and an Innovative Finance ISA. You can only subscribe to one of each ISA type per year, so it's important to choose your ISA provider and product carefully.

Important

As the Funding Circle ISA is an investment product and your returns are not guaranteed, it's important to understand the tax disadvantages which may arise if you make a loss on your investment. By putting money into your ISA account, you will use your tax-free subscription regardless of the earnings you make. If your loan parts do not earn interest or are not repaid, then you will not receive any tax benefit from them.

The Funding Circle ISA is also a flexi ISA, which means you can take money out of your account and put it back later in the same tax year, without losing your tax-free entitlement. Find out more about withdrawing funds in 'Accessing your money' on page 19.

ISA key facts and features

All ISAs:

- ✓ You have a subscription limit of £20,000 for the 2019/20 tax year which can be split across all ISA types
- ✓ You must be 18+ years of age and a UK resident
- ✓ You need a National Insurance number to apply
- ✓ You can only subscribe to one Innovative Finance ISA per tax year, which can be opened through your chosen platform

The Funding Circle ISA:

- ✓ The ISA account is a flexi ISA. Under ISA rules you can take your money out of your ISA and put it back later in the same tax year, without losing your tax-free entitlement
- ✓ The ISA account requires a minimum initial transfer of £1,000

The screenshot shows the Funding Circle investor dashboard. At the top, there is a navigation bar with the Funding Circle logo and a user profile for 'Larry Lucky Lender' (ISA). Below this is a menu with options: Summary, My Portfolio, Transfers, Lending Settings, Access Funds, and Statistics. The main content area features four key metrics: Net Earnings (£0.00), Portfolio Total (£10,000.00), Annualised Return (0%), and Businesses Lent To (4). A section for 'ISA subscription 2019/20' shows a progress bar with £2,000.00 subscribed and £18,000.00 remaining, and a 'Transfer Funds' button. The footer contains links for 'Funding Circle', 'Discover more', 'Support', and legal notices, along with social media icons.

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Funding Circle

Larry Lucky Lender
ISA

Summary My Portfolio Transfers Lending Settings Access Funds Statistics

DEFINITIONS

£0.00
NET EARNINGS

£10,000.00
PORTFOLIO TOTAL

0%
ANNUALISED RETURN

4
BUSINESSES LENT TO

ISA subscription 2019/20
Tax year ends in 4 months (5 Apr 2020)

Subscription	Remaining
£2,000.00	£18,000.00

Transfer Funds

Funding Circle
About us
How it works
Statistics
Media
Shareholder Information

Discover more
Institutional investors
Introducers
Blog
Careers
Diversity & Inclusion

Support
Help
Contact us
Investor guide

Investment through Funding Circle involves lending to small and medium sized businesses, so your investment can go down as well as up.

Funding Circle Limited is authorised and regulated by the Financial Conduct Authority under firm registration number 722513. Funding Circle is not covered by the Financial Services Compensation Scheme. Registered in England (Co. No. 06968588) with registered office at 71 Queen Victoria Street, London, EC4V 4AY.

Legal Security Legal notice

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f y t in



- ✓ You cannot transfer funds directly from a Classic account to an ISA account. You must first sell your loans, before withdrawing your funds to a nominated UK bank account and then transferring them to your ISA account
- ✓ You can transfer any existing ISAs you hold with other ISA providers (subject to any restrictions set by your current provider).
- ✓ If you change your mind and would like to cancel your ISA account, you have 14 days from the date on which your ISA has started to cancel your agreement with us and close your ISA. If you wish to cancel your ISA, please email us at contactus@fundingcircle.com, or give us a call on 0207 401 9111. After 14 days you must close your ISA account in the same way as you would close a Classic account.

Opening an ISA account

You can open an ISA account in a matter of minutes, subject to eligibility requirements. Simply follow the button from our main investor page, or on our ISA account page.

If you are already lending through a Classic account, you can create an ISA account using the same email address. Follow these steps to set yours up:

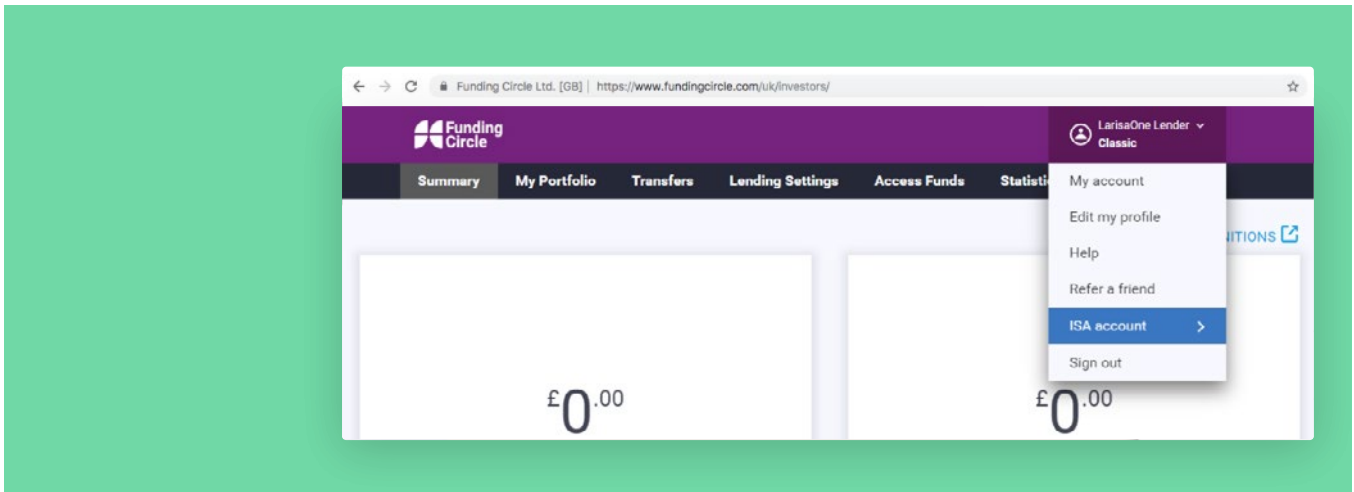
1. Login to your Funding Circle account
1. Navigate to the Transfers page in your account
2. Select the type of ISA you would like to transfer
3. Answer a few quick questions
4. Print, sign and date your transfer form
5. Send your transfer form to the freepost address provided

More information on how to transfer an existing ISA can be found [here](#).

2. Select Open an ISA from the drop-down menu, located in the top right corner of your Summary page
3. Follow the instructions to create your ISA account

Your ISA account

On the 'Your Summary' page you can see an overview of your ISA account. You can find your all-time earnings, your loan parts and download statements. The Transfer, Lending settings, Sell and Statistics sections work exactly like a Classic account. You can read about them on page 12.



Transferring money to your ISA account

You can transfer funds into your ISA account in the same way as a Classic account. When transferring funds, it is important that you don't exceed your current tax year's subscription limit. It is up to you to keep a record of your total ISA transfers for each tax year.

When transferring funds into your ISA account, please remember:

1. The ISA account requires a minimum initial card transfer of £1,000
2. You cannot transfer funds directly from a Classic account to an ISA account. You must first sell your loans, then transfer the money raised into a nominated UK bank account before transferring them to your ISA account

What is negative interest?

When you buy loan parts from other investors, you pay them any accrued interest they've earned since the last repayment, which shows as 'negative interest' until that repayment comes in.

This ensures that when you buy a loan part that is in-between repayments, the previous owner will earn the interest for the days before the sale, and you'll earn the interest for the days after the sale. It shows as negative interest because you've paid out for interest that is owing, but hasn't yet been paid by the business.



Transferring your existing ISAs to Funding Circle

You can transfer any existing ISAs you hold over to your Funding Circle ISA, subject to any restrictions set by your current provider. This means that any funds you hold in a Cash, Stocks & Shares, or Innovative Finance ISA can be transferred to your Funding Circle ISA without affecting your current tax-year ISA subscription, unless you are transferring any funds you have used to subscribe to an ISA this tax year.

Transferring an ISA is simple:

Transferring money to another ISA provider

If you want to transfer your Funding Circle ISA to another ISA provider, you must first sell your loans (read more about selling loans on page 19). To transfer the funds raised please refer to your ISA provider. Any loans that cannot be sold will be transferred over to a new Classic account and will no longer be eligible for tax-free interest.

Funding Circle does not charge a fee to transfer any available funds to another provider.

Switching between your ISA and Classic accounts

Although you can manage both an ISA account and a Classic account using the same login, it's important to remember they are separate accounts that will lend to a separate portfolio of loans.

You can navigate between your accounts using the drop-down menu in the top right corner. You'll then be able to transfer funds, access your money and adjust your lending settings in exactly the same way on both accounts.



Interest, tax and fees

Interest

The interest you earn is paid by businesses on a monthly basis. Between monthly repayments you accrue interest daily, which is shown in the Summary page of your account as accrued interest.

Tax

If you have an ISA account, any interest you earn from loans held within the ISA is tax-free. Each tax year you have a subscription limit which can be split across one of each type of ISA.

If you are lending as an individual through a Classic account, the interest you earn is paid to you before tax and you may need to pay income tax on your earnings. You should declare any interest to HM Revenue & Customs on a self assessment tax return or inform your local tax office.

For more tax information and how peer-to-peer loans are treated for tax purposes, please refer to our help centre or seek independent financial and tax advice.

Fees

Your projected return includes the 1% annual servicing fee. It is calculated monthly on the outstanding loan amount and taken directly from loan repayments. This means that by the time the interest reaches your account, the servicing fee has been applied. No servicing fee is taken from recoveries on defaulted loans.

The servicing fee helps cover the cost of operating our platform and servicing the loans, for example collecting and distributing payments.

There are no charges for opening an ISA or Classic account. When a loan part is sold, a 1.25% transfer payment is deducted and passed to the buyer. For example, when selling a £20 loan part, you would receive £19.75. 100% of the transfer payment goes to the buyer, Funding Circle does not receive any part. There are no fees for withdrawing available funds, or on funds that aren't lent out.



What happens if Funding Circle goes out of business?

In the unlikely event that Funding Circle goes out of business, you would continue to receive repayments for the loans originated on our platform and our back-up service provider would administer these payments for you.

If you hold an ISA account, ISA regulations now provide for the ability for our back-up servicer to become approved as an ISA manager to allow the maintenance of your ISA account. It's important to understand that if Funding Circle were to go out of business and our back-up servicer at the time was not an ISA manager, your investments may no longer benefit from tax-free earnings. Our current back-up servicer is authorised by HMRC as an ISA manager.

Funding Circle is not covered by the Financial Services Compensation Scheme.



Further information

Please visit our [help centre](#) for more details on a wide range of questions, including:

[What are the key features and risks of lending to small businesses?](#)

[What are the key features and risks of lending to property professionals?](#)

[What would happen in the unlikely event that Funding Circle goes out of business?](#)

[What does it mean to be a Retail Client?](#)

[How to make a complaint](#)

You can also [visit our blog](#), where we post a range of articles on how to get the most from your investment and insight and analysis from across the platform:

[How our Collections and Recoveries process works](#)

[How can your returns change over time?](#)

[What could happen to your returns in an economic downturn?](#)

If you have any further questions or would like to speak to someone, our team are always happy to help.

0207 401 9111 Monday – Friday, 9am – 6pm (exc. Bank Holidays)
contactus@fundingcircle.com

Visit our help centre – support.fundingcircle.com/home.

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